

**Needham Finance Committee
Minutes of Meeting of December 10, 2014**

The meeting of the Finance Committee was called to order by the Chair, John Connelly, at approximately 7:30 pm in the Great Plain Room at the Town Hall.

Present from the Finance Committee:

John Connelly, Chair; Louise Miller, Vice Chair

Members: Richard Creem, James Finton, Richard Lunetta, Richard Reilly, Lisa Zappala, Rick Zimbone

Others present:

David Davison, Assistant Town Manager/Finance Director

Lee Newman, Director, Planning and Development

Devra Bailin, Director, Economic Development

Matthew Vorrell, Director of Conservation

Martin Jacobs, Chair, Planning Board

David Roche, Building Commissioner

Paul Buckley, Former Fire Chief

Dennis Condon, Fire Chief

Philip Droney, Police Chief

Citizen Requests

No citizens requested to address the Committee.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Zimbone that the minutes of December 3, 2014 be approved as most recently distributed. Mr. Lunetta seconded the motion. The motion was approved by a vote of 8-0.

FY2016 Departmental Budget Requests:

Planning and Economic Development

Ms. Zappala introduced the budget. She stated that the department has been making progress developing Needham Crossing, bringing in one-time fees, and working on traffic mitigation. In order to continue the momentum at Needham Crossing, the department is requesting \$17,500 in additional funds for consulting fees. She stated that Ms. Newman has specific projects in mind. She stated that the department can sometimes find other sources for funds for traffic studies or economic reports, but doing so delays the process of making zoning changes. Ms. Zappala stated that having the funds available will help promote faster economic growth.

Ms. Zappala stated that the department also made a DSR4 request to continue funding the Community Housing Specialist in the general fund. The position was funded for 2 years with CPA funds to get the functions up and running. The position performs data management and analysis for housing. Ms. Zappala stated that she had asked whether the CPA could continue

funding the position, but the position is needed on an ongoing basis so they are requesting funding in the operating budget.

Ms. Newman stated that the department's salary line is increasing due to contractual increases, and the expenses are level-funded with budget lines adjusted to reflect past actual spending categories. She stated that professional consulting costs would be level-funded at \$2,500, but there is a request for an additional \$17,500. These funds are used for hiring experts for projects like a build-out analysis and fiscal analysis that are being done in the mixed-use zone. That project is being funded by with state funds, but there is another project that would not qualify for state funds. Ms. Bailin stated that she did preliminary draft and fiscal analysis of the first project, but she felt Town Meeting would be more satisfied with a professional report. She stated that they expect to get \$8,000-\$10,000 from the state to cover consulting work. She stated that they want to up-zone some areas that are closer to residential areas and will need a build-out analysis to show the expected effects of the change, including the impact on traffic. The whole project will be delayed if funding is not available for a study, and the market may shift which could mean lost opportunities for growth. Ms. Zappala stated that she was told that if the funds were not needed, the department would not spend it. The funds would be there only to allow flexibility.

Ms. Miller suggested that it might be better to get funding in a financial warrant article at Town Meeting, so that the funds would not be connected to a specific fiscal year. Ms. Newman expressed concern that the funds would be tied to a specific project. Mr. Davison stated that it would be possible to word the article to allow future studies. He stated that he would look into it. Mr. Reilly stated that if every department put funds in its budget for contingencies, there would be problems; it would be preferable if it could be dealt with in an omnibus account. Mr. Lunetta asked who did the work before. Ms. Zappala stated that they have had to seek 3rd party funding. Mr. Lunetta stated that he agrees with Ms. Miller that it would make more sense to get a larger amount through an article at Town Meeting, and to use it as needed. Mr. Connelly asked how the \$17,500 was arrived at. Ms. Newman stated that they used estimates for a traffic study. Ms. Bailin stated that they looked at work done for Needham Crossing.

Mr. Reilly asked about the knock-down phenomenon and large house zoning discussed in the budget submission. Ms. Newman stated that they need to address issues caused by new larger homes including drainage issues, retaining walls, how building height is measured, lot coverage and set-back requirements. They expect to start with some less controversial zoning changes in the May 2015 Town Meeting warrant.

Mr. Connelly asked how they evaluated the success of the community housing specialist position. Ms. Newman stated that the objectives were to provide documentation and an inventory of affordable housing in town, and to adjust and monitor ZBA permits. She stated that the inventory was updated, the documentation for all 40B properties is being completed, and permits are being adjusted. They are in the process of setting housing goals and priorities, and determining how to meet those goals. They are hoping to get in front of 40B projects so that they are not faced with projects not supported by the town. Mr. Connelly asked about plans going forward. Ms. Newman stated that there is another 40B project, so there needs to be a fiscal impact analysis. They are also exploring a housing trust. There is also the completion of the development of the housing policy, and the continued monitoring of the housing inventory. Mr. Connelly asked why this was being shifted to the operating budget when there are CPA

funds specially designated for housing. Ms. Newman stated that the original plan was to fund the half of the position for 2 years from CPA funds, then to shift funding to the operating budget. Mr. Connelly asked why it was not funded completely with CPA funds. Ms. Zappala stated that question of funding source should go to the Town Manager. Ms. Miller asked if the \$17,000 would half fund the .48 FTE position. Ms. Newman stated that some funds come from the HOME Consortium program. This request funds the balance.

Mr. Reilly asked about the budget line for pay in lieu of accrued leave. Mr. Davison stated that it is vacation buyback, which has long been an option for managers. He asked departments to clearly spell it out in the Fy16 budgets since it was being shown differently by different departments. He stated that there has been no change in the policy.

Ms. Zappala stated that the Finance Committee's goal is to merge the Planning and Economic Development budget with the Community Development budget. She stated that it would be more efficient for the Planning Director. Mr. Jacobs asked if the purpose was money savings or flexibility. Ms. Zappala stated that the flexibility will ultimately lead to some cost savings. Mr. Jacobs stated that the Planning Board has begun discussing this.

Community Development

Ms. Zappala stated that Matt Vorrell is the Director of Conservation. He has submitted a DSR4 requesting that the Conservation Specialist be increased from 20 to 30 hours per week. She stated that the position is doing more technical work, and the goal is to have more support across town for wetlands analysis. She stated that it would be good for the town to use its in-house technical expertise. Ms. Newman stated that other than this change, the budget has only contractual salary increases, and is level-funded for expenses. She stated that some expenses have been shifted among lines to mirror spending. She stated that she told Mr. Vorrell to examine how the department functions and to see if an increase in hours would provide more technical support for the town. Mr. Vorrell stated that he looked at the Conservation Commission's goals and the function of the department. The position has been shifted from mostly administrative to more technical work. Mr. Vorrell handed out a sheet showing his projected savings from using Conservation staff instead of outside technical support. He stated that the \$6,000 shown for Bay Colony Rail Trail work was done in-house, so there was actual savings. Mr. Lunetta asked why full time is not being requested. Mr. Vorrell stated that he wanted to be conservative, and it may be possible to achieve what he wants with 30 hours. Ms. Zappala stated that full time would be a big jump in hours for the current employee. Mr. Connelly noted that it is unlikely that all DSR4s can be funded, so there may be choices to be made.

Building Department

Mr. Flinton introduced the Building Department budget. He stated that the budget is conservative with minimal increases. Salary increases are contractual. He stated that there have been issues with staff turnover, and that additional positions have been added in recent years. He stated that the work increases each year but staffing is flat. He noted that may be something to pay attention to in the long run.

Mr. Roche described the budget. He stated that the Assistant Building Commissioner, who worked 22.5 hours/week, had retired. One of the local building inspectors was hired in his place, so that the department is fully staffed. He stated that he expects that the large increase in permit fees last year is a temporary bump. He stated that tear-downs are replacing much of the old housing stock, but the new houses are bigger. He stated that zoning changes are needed to address drainage, height, setbacks, and other issues. He discussed the numbers of permits issued. He stated that the budget contains funding for calling in alternate inspectors. This has worked well to provide the flexibility needed to meet the demand for services. He stated that the department will be getting two electric vehicles.

Mr. Creem asked how the department has handled the additional workload from sheet metal inspections. Mr. Roche stated that the number of metal inspections has flattened out. He stated that there have been some determinations that certain metal work falls within general building inspections. Some metal inspections are combined with rough systems inspections so that separate visits are not needed. He stated that the processes have been streamlined so that the work is getting done without the need to hire a new inspector.

Mr. Lunetta asked if the increase in solar power installations has affected the department. Mr. Roche stated that it has caused more work for the wiring inspector, and that re-inspections are often needed. He stated that he does not generally charge a re-inspection fee, but he will if inspectors are called back several times when the work is not done right.

Mr. Roche stated that he was interested in shifting the department's hours to better coincide with contractor hours. The department opens at 8:30 a.m., but there are usually contractors waiting for them in the morning, since contractors tend to start at 7:30 a.m. He would like to shift the department hours one hour earlier. He stated that this should not affect the department finances.

Mr. Connelly stated that the owner's project managers for the recent hospital and Trip Advisor projects had both said that they were very pleased with the cooperation of the Building Department with the general contractors, and the Mr. Roche had made the town look good.

Police Department

Mr. Lunetta introduced the budget. He described the services and equipment. He stated the 2 new civilian dispatchers are being trained. He stated that there are 3 vacancies, and one pending retirement, and a pending transfer to the state police. He stated that there are new traffic supervisor positions due to the change in school hours. However, it is difficult to keep those positions filled, so that officers need to fill the roles, which is a strain. Mr. Lunetta described the vehicle replacement schedule, and stated that the department chose the Ford Explorer as the model for cruisers.

Mr. Lunetta stated that there is a DSR4 requesting \$20,000 to be available for funding details when the fees charged that are uncollected. He stated that this would be funded from the administrative fee that is charged for details. Mr. Zimbone asked when the fees are not paid. Chief Droney stated that this has happened when there is a bankruptcy, and work for a paid officer was performed. The officer is paid by the department but the fee is not collected. He stated that they have taken people to court to collect. He stated that the Needham Schools have failed to pay for details where the work was in one fiscal year, and that year had ended. Chief

Droney stated that he is trying only to cover his costs. He stated that the detail work serves a public safety purpose, so they will not refuse the work. Mr. Reilly asked if they could charge more for last minute requests. Chief Droney stated that they can only charge the state rate, and that they would not charge a penalty for something involving public safety. Mr. Davison stated that the funds would only cover the salary costs, not the collections work.

Mr. Connelly asked when the money would be used from this contingency line. Mr. Davison stated that they would look at the uncollected bills for that fiscal year in June. If the Treasurer thinks a bill is collectible, the town will seek to collect it. If something is considered to be not a good receivable, then that expense would be charged to this line. He stated that if there is no contingency available, it is essentially deficit spending. He stated that this would be set up as an expense line in the Police budget that could not be used for anything else. Any surplus in this funding would fall to free cash. Mr. Zimbone asked if a reserve fund transfer could cover the costs. Mr. Davison stated that would essentially be circumventing Town Meeting. Ms. Miller asked for an accounting of the unpaid police detail work for the past three years.

Mr. Reilly asked about increases if there is a new collective bargaining agreement. Mr. Davison stated that there will be funds in Townwide Expenses in the Classification, Performance and Settlements line, which will then be transferred to the appropriate budget lines if contracts are settled before Town Meeting.

Mr. Zimbone stated that there is an increase of approximately \$55,000 in the salary overtime line. He asked for a breakdown of the wage and step increases last year, and the anticipated salary increase for next year. Chief Droney stated that the increase in the salary and wage overtime was a result of the fact that the dispatchers were not fully funded in FY15, and an increase in the shifts, and 11 weeks of vacation that need to be covered and a training component. With the new dispatchers, some officers, but not all, will need phone training. Mr. Davison stated that training and development costs on page 4 of the Police budget shows expenses that are now in overtime, but that were in the other salary and wages line previously. Chief Droney stated that he is trying to hire 3 officers, and is waiting for the Civil Service Commission to get back to him. He stated that there will be some additional overtime costs while he is waiting.

Ms. Miller asked for the vehicle replacement chart. She asked who determines the need for crossing guards. Chief Droney stated that during the first 2 weeks of September, the department monitors crossings to see what is needed. He stated that there were several requests for guards at crossings where they found no need. Mr. Lunetta asked who conducted searches for crossing guards. Chief Droney stated that Human Resources places ads, but the Police department interviews candidates. In response to a question from Mr. Zimbone, Chief Droney stated that other towns also have difficulty staffing crossing guard positions.

Fire Department

Former Fire Chief Paul Buckley introduced Dennis Condon who was sworn in as the new Fire Chief the previous night. Mr. Lunetta described the budget. He stated that there are 4 vacant positions, and some anticipated retirements. He stated approximately 10 days per month, there is insufficient staffing for one ladder truck to go out. He stated that expenses are increasing by approximately \$19,000 overall, which is expected after several years where certain expenditures

were held off with the understanding there would be a future increase. Chief Buckley stated that there is a new process for solar electricity installations which requires fire inspections. He stated that there are no fees, and no additional costs included in the budget, but there is additional work being done. He stated that in FY15 a position was eliminated because of the new wireless fire boxes, and that a bucket truck is no longer needed.

Mr. Connelly asked if any DSR4s were considered and not pursued. Chief Buckley stated that if something were needed, it would be requested. Mr. Connelly asked if there have been any notable changes to the building. Chief Buckley stated that nothing significant has changed, just things like roof leaks. He stated that he was impressed with the consultant for the Facilities Master Plan. He stated that the consultant had extensive knowledge about fire houses, and fully understood what the town needs. Ms. Miller asked how the department would accommodate a female firefighter. Chief Buckley stated that she would use the same quarters, though a separate bathroom would need to be designated. Mr. Connelly thanked the Former Chief for his service to the town.

Finance Committee Updates

Mr. Davison stated that this is a revaluation year for the tax base. There will be more scrutiny from the DOR. There will be no change in tax dollars, but there may be a shift in the share each taxpayer bears. He stated that unlike almost all other towns, Needham never lost much tax base in the recession. Due to tear-downs, there has been continued new growth. He stated that smaller houses may now have increased values as the land they are on becomes more valuable for building new homes.

He stated that the BCI index for roads has been increasing because Verizon and National Grid have been digging up roads and repaving. Mr. Davison stated that he expects a revenue increase of approximately 6%, depending on what the DOR says. Mr. Davison stated that the department requests are close to the pro forma numbers. He stated that he has recommended to the Board of Selectmen to transition the spending for roads into the cash capital budget instead of borrowing. The capital plan will have \$250,000 for roads from cash. He stated that \$6.2 million of free cash was certified. He stated that the Town Manager has clearly stated that certain cash capital requests for the School Department should be shifted from cash capital to the School operating budget. She will recommend additional funding in their operating budget to pay for that. They will not have to absorb those costs in their FY16 operating budget.

Adjourn

MOVED: By Mr. Zimbone that the Finance Committee meeting be adjourned, there being no further business. Mr. Reilly seconded the motion. The motion was approved by a vote of 8-0 at approximately 9:30 p.m.

Documents: Value of Expanded Conservation Department to the Town of Needham

Respectfully submitted,

Louise Mizgerd
Executive Secretary/Staff Analyst

Approved December 17, 2014